

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2464 - HB 2814

January 30, 2012

**SUMMARY OF BILL:** Creates the Office of Inspector General (Office) for fraud, waste, corruption and abuse within all departments and branches of state government. Locates the Office in the Department of Finance and Administration (F&A) for administrative purposes. Establishes rules and regulations of the Office. Requires the Office to be created from existing resources of state government including, but not limited to, the positions of assistant inspector general, chief and deputy counsel, clerk, paralegal, accountant, auditor, financial management analyst and investigator. Requires the Inspector General's salary not exceed 90 percent of the salary of the Chief Justice of the State Supreme Court. Effective upon becoming law for purpose of promulgating rules and regulations; effective July 1, 2013 for all other purposes.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Exceeds \$35,000/One-Time/FY12-13  
Exceeds \$668,400/Recurring/FY13-14 and  
Subsequent Years**

**Other Fiscal Impact – Increased oversight of fraud, waste, corruption, and abuse could lead to a decrease in state expenditures. Any such decrease cannot be quantified with reasonable certainty.**

Assumptions:

- Directing the use of existing resources to create a new office does not eliminate the fiscal impact of performing the new function since a new function that has a cost will reduce a reversion or require the creation of additional positions to perform duties of staff who have been redirected to the new function.
- Based on information provided by F&A, a minimum of seven positions will be required.
- Due to the bill's two effective dates, an increase in one-time state expenditures will be incurred in FY12-13 for the creation of the Office. An increase in recurring state expenditures for personnel and operations will begin in FY13-14.
- Annual salaries for the new positions will be as follows: Inspector General, \$155,682 (90% of the Supreme Court Justice Salary); Program Director 1, \$86,148; Financial Analyst, \$48,000; Auditor 4, \$49,884; Management Consultant, \$42,216; Auditor 2, \$42,216; Administrative Assistant, \$34,212. A total recurring increase in state expenditures beginning in FY13-14 for salaries of \$458,358.

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- A recurring increase in state expenditures beginning in FY13-14 for benefits for the seven positions of \$110,072.
- A recurring increase in state expenditures beginning in FY13-14 for operations that will exceed \$100,000 (travel, supplies, professional privilege tax, computers, telephone, office space, and furniture).
- A one-time increase in state expenditures in FY12-13 of at least \$5,000 per position (office supplies, computer, equipment). Total one-time state expenditures are estimated to exceed \$35,000 (\$5,000 x 7).
- The total recurring increase in state expenditures beginning in FY13-14 is estimated to exceed \$668,430 (\$458,358 + \$110,072 + \$100,000).
- Currently, the duties required of the Office are performed by the Comptroller of the Treasury. The additional oversight created by this office could lead to a decrease in state expenditures; however, any such decrease is not quantifiable.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', with a stylized, cursive script.

Lucian D. Geise, Executive Director

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